

<b>Criterion #5: No Substantial Increase in Costs to the State</b>
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**State Criteria:** The proposed unification will not result in any substantial increase in costs to the state, ref. Education Code (EC) Section 35753(a)(5). This criterion excludes the revenue limit computation, the results (including any increased costs) of which are permissible under EC Section 35735.1.

**Analysis:** LAUSD is a state aid funded school district for revenue limit funding, and there would be no increase in cost to the state for the revenue limit. The Southeast Area district would receive the same per ADA funding for the revenue limit, and the action would not create necessary small schools (an added cost to the state).

Reorganization would not create categorical program eligibility, and both districts would continue to participate in ADA and enrollment based apportionment funding (i.e. instructional materials and class size reduction). Plus, a new Southeast Area district could apply and receive year-round incentive funding and potentially also receive voluntary integration funding – without an added cost to the state. In essence, the funding would flow on a per pupil basis post-unification at no greater amounts than each district is eligible to receive today.

**Consultant's Conclusion:** Based on the data provided and NNW's analysis, it appears there would be no substantial increase in costs to the state as a result of the proposed unification.